



HIGH REPRESENTATIVE
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JOINT STAFF WORKING DOCUMENT

**Renewed Partnership with the Southern Neighbourhood Economic and Investment Plan
for the Southern Neighbours**

Accompanying the document

**JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

Renewed partnership with the Southern Neighbourhood

A new Agenda for the Mediterranean

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In order to support the implementation of the themes highlighted in *the new Agenda for the Mediterranean*, the Commission proposes this “Economic and Investment Plan (EIP) for the Southern neighbours” which includes a series of preliminary flagship investments and projects that could be financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI)¹, and will only require part of the allocation for the Southern Neighbourhood. The Plan’s objective is to support partners in their recovery efforts, contribute to increase competitiveness and support sustainable and inclusive growth. Flagship projects will help address challenges and opportunities at the national, local, multi-country and regional levels. The flagships should be developed in the context of Joint Programming or Team Europe Initiatives.

The Economic and Investment Plan is indicative and non-exhaustive. It may evolve depending on progress on policy and political issues and in relations with partner countries and is subject to the entry into force of the relevant legal bases under the next Multi-annual Financial Framework and without prejudging the outcome of the programming process. To this end, the EU will be ready to explore further regional, sub-regional or trilateral cooperation and joint initiatives between partner countries across the board, including in light of the recent normalisation of relations between Israel and a number of Arab countries.

Outreach to partner countries and all relevant stakeholders, including civil society, the private sector and financial institutions, will continue after the adoption of this Communication and will guide programming efforts at the bilateral and regional levels. Programming of EU cooperation should take place within the framework of the EU’s overall relations with the partner countries, and in line with subsequent Partnership Priorities.

Due diligence, environment and cost benefit assessments will be carried out to ensure that proposed projects contribute to the objectives set in the Joint Communication. Financing could also be contingent on governance efforts, in order to ensure initiatives’ sustainability and access for all.

The following headlines are covered:

- Human Development, good governance and the rule of law
- Strengthen resilience, build prosperity and seizing the digital transition
- Migration and Mobility
- Green transition: climate resilience, energy, environment

In the area of “**Human Development, good governance and the rule of law**”, the Commission foresees the following flagships:

FLAGSHIP 1 –Support to social sectors, education, skills and health

The delivery of inclusive, efficient, and effective social services, notably in the fields of education, skills and health, contributes to economic and social development. In this regard, the EU will also support its partners through blending (investment grants) to reduce the burden on countries and guarantees to mitigate the risk for private investors.

- **Multi-country** – The Commission is looking into possibilities to set up an EU vaccine sharing mechanism with special attention given to the Neighbourhood.

¹ This is subject to the final adoption of the draft Regulation establishing the Neighbourhood, Development and International Cooperation Instrument.

- **Multi-country** – The EU will continue to invest in the **renovation of primary, middle and high schools** as well as in the upgrading of health facilities and systems and continue to provide technical and financial support to these sectors.
- **Multi-country** – The EU will give special attention to **vocational education and training**, as tool to support youth and to the **needs for up- and reskilling of the working population** in the context of the green and digital transitions in anticipation of emerging skills needs.
- **Morocco** – The EU will support the **higher education reform** with the aim to modernise higher education and improve its relevance for the job market.

FLAGSHIP 2 – Human rights, the rule of law, and modern, effective administrations, governance and accountability

Well-functioning, fair, transparent and accountable civil and judicial administration contribute to increasing sustainability, reducing inequality and enhancing well-being for all people.

- **Multi-country** – The EU will continue to invest in effective, independent and accountable justice and prosecutorial systems in line with International and European Standards.
- **Multi-country** – The EU will support civil society organisations and their inclusive involvement in the reform process. This will include actions to develop the capacity of civil society organisations, build up the leadership skills of civil society and strengthen work with civil society to, inter alia, tackle disinformation and support the green and digital transition.
- **Regional** – The EU will support the development and implementation of **public administration reform (PAR) initiatives** that aim to boost predictability, transparency, and accountability of the legal framework and institutions. The EU will also support regional capacity building on **economic governance** and continue to strengthen the partners’ **statistical capacities** to produce reliable, comparable statistics and thus support economic development strategies.
- **Lebanon** – The EU will support, in the context of the “Reform, recovery and reconstruction framework” an innovative platform for civil society to shape and **monitor the implementation of key reforms**, to ensure better service delivery, to enhance political accountability and transparency.

In the area of “**Strengthening resilience, building prosperity and seizing the digital transition**”, the Commission foresees the following investment flagships:

FLAGSHIP 3 – Resilient economies

The COVID-19 pandemic has highlighted the need to help partners strengthen their ability to withstand and recovery quickly from economic shocks.

- **Morocco** – The EU stands ready to contribute to Morocco’s economic recovery plan by co-financing investments funded under the **Strategic Investment Fund (SIF)** set up by HM King Mohamed VI. The European Fund for Sustainable Development Plus (EFSD +) will be mobilised, together with resources from other European Financial Institutions (EFIs) to contribute to operations financed under the SIF.

FLAGSHIP 4 – Sustainable economies

The green transition offers opportunities for the green, circular, and blue economies to support sustainable production and consumption.

- **Algeria** – The EU will support Algeria in its efforts to develop further a green and circular economy, which optimises preserves and protects environment and the sustainable use of natural resources, including in the **agricultural and fisheries sectors**, and the sustainable management of the dwindling fish stocks. In line with the MedFish4Ever Declaration and the General Fisheries Commission for the Mediterranean, the aim will be to (i) foster the territorial development of Algeria’s coastal regions whilst (ii) promoting the sustainable management of the Mediterranean maritime space; (iii) addressing environmental and sustainability considerations in the exploitation of marine resources and (iv) providing alternative job opportunities for the economic benefit of coastal communities.
- **Morocco** – In line with the “EU-Morocco Green Partnership”, the EU will accompany and fast-track the transition to a **circular, low emissions, inclusive and resilient economy**, including through measures aiming at strengthening the circular economy, boosting the energy transition, supporting sustainable investments (incl. for adaptation) as well as enhancing the management and treatment of waste and water/wastewater.

FLAGSHIP 5 – Connected economies

Trade, transport and private sector development are key vectors for economic diversification, contributing to economic integration and connectivity.

- **Regional** – The EU will provide technical assistance and support access-to-finance for key sustainable **value chains and clusters** in sectors with the potential for economic integration and export, to help them integrate into regional and global value chains. EU support will aim to develop the institutional capacity and technical training of government agencies and private sector organisations to factor-in job creation when investing in specific sectors and projects. In order to strengthen interconnectivity, the EU will also support the upgrading of **trade and connectivity relevant infrastructure** (including border crossings, such as the King Hussein bridge in Jordan in full coordination with all relevant stakeholders) **and logistics hubs** in strategic trade/sustainable and safe transport routes that would allow for integration with other regions, including the Middle East and Sub-Saharan Africa.
- **Regional** – Micro Small and Medium Enterprise (MSME) finance initiatives will be part of an integrated support plan aimed to strengthen banking and non-banking financial institutions in order to expand **financial inclusion, including in the social economy sector**. The EU could also issue budgetary guarantees to support IFIs’ equity/subordinated loan investments into financial institutions committed to extend loans to MSMEs. In addition, new and innovative forms of finance, such as impact investment and local currency solutions, will be explored to better target socially and

environmentally friendly actions.

- **Palestine²** – In support of potential future progress on the MEPP, the EU will look into funding to promote **private sector-led growth and job creation**, providing debt and equity finance and loan guarantees to local financial institutions to support SMEs, under-banked segments, for lending to women, young people and start-ups, including microfinance, and providing incentive grants to companies working in industrial parks in Jericho and Gaza.
- **Tunisia** – The EU will aim to conclude a **Comprehensive Aviation Agreement** with Tunisia. It will facilitate air connections between Europe and Tunisia and could contribute to a re-start of Tunisia's tourism sector.
- **Egypt** – The EU will support the development of **sustainable public transport infrastructure**. It will support comprehensive reforms with a view to providing citizens with safe and means of transportation, reducing congestion and promoting the shift from private cars to more sustainable modes of transportation, and improving transportation efficiency and greening the sector.

FLAGSHIP 6 – Inclusive economies

Promoting social protection systems, social infrastructure, social dialogue, decent working conditions (including safeguarding the occupational health and safety), fundamental labour rights and social economy are key pillars of an economy that works for people.

- **Morocco and Tunisia** – the EU will enhance its support to the deployment of a modern and just **social protection system** with a view to improving the resilience of the most vulnerable people.
- **Jordan and Lebanon** – The EU will roll out its grant support programme to design sustainable and comprehensive **social assistance systems**, and meet the needs of vulnerable households. This will include a specific 'shock response' component to address the impact of the ongoing financial crisis.
- **Regional** – The EU will enhance its support to an inclusive and structured dialogue with a view to establishing synergies in the medium and long term level between the social partners (employers and workers organisations) and other actors of the civil society in the Southern Mediterranean on the main themes of sustainable development, as well as to tackling the employability issues and the transition from the informal to formal labour using social dialogue tools.

FLAGSHIP 7 – Digital transformation, research and innovation

The digital transition could unlock important benefits for the Southern Neighbourhood, helping attract investment, create jobs, increase productivity for both the public and private sectors, and contribute to increased inclusion.

- **Morocco** – In the context of the EU-Morocco Digital partnership, the EU will

² The designation Palestine shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

support Morocco in becoming an **associate member to the Horizon Europe** research programme. In parallel to EU's financing of digital infrastructure and reinforcing its reliability, capacity and security, the EU will support the digital/innovation ecosystem.

- **Tunisia** – Based on the 2025 Strategy for Digital Transformation, the EU will strengthen the digitization of the economy in order to improve productivity, stimulate new job creation, improve e-governance, and will invest in education and multi-sectoral digital infrastructure amongst other areas.
- **Israel** – The EU will step up its existing cooperation with Israel in the areas of **digital, research and innovation** and will identify opportunities to reinforce cooperation in related areas of mutual interest.
- **Regional** – The EU will help strengthen the set of **interconnected actors who contribute to driving innovation** at the local, national, and regional levels (digital and innovation ecosystems), including through technical advice on the regulation and framework conditions for innovation, competencies and skills development for actors in the ecosystem and facilitating links across the Mediterranean and within the Southern Neighbourhood. It will also support digitalisation efforts through promoting the deployment of relevant internet and mobile infrastructure and skills, and the improvement of service delivery in priority public sectors.

In the area of “**Migration and mobility**”, the Commission foresees the following flagship:

FLAGSHIP 8 – Migration

Offering better socio-economic opportunities to migrants and host communities is an important objective of EU support, reducing incentives for irregular migration. Actions will support all pillars of the new Pact on Migration and Asylum.

Funding will complement bilateral and regional assistance for migration.

- **Multi-country:** Actions under a multi-country initiative will be designed to complement specific efforts under bilateral and regional assistance to support partner countries. The aim is to provide a flexible source of funding that can respond to changing needs and routes and contribute to an incentives-based approach. The Plan will support specific actions tailor-made to each partner in the Southern Neighbourhood. This programme will support all pillars of the new Pact on Migration and Asylum, seeking tailor-made and mutually beneficial partnerships and greater cooperation with regional and international actors. Attention will be given to protecting those in need and supporting host countries; strengthening partners' capacities in migration management, including putting in place or strengthening asylum systems, border management, search and rescue, registration and identification of migrants, asylum systems, as well as encouraging voluntary returns and reintegration; and promoting legal pathways, including Talent Partnerships in cooperation with Member States.

In the area of “**Green transition: climate resilience, energy, and environment,**” the Commission proposes the following flagships:

FLAGSHIP 9 – Green Growth and climate action

Actions will align with partners’ National Determined Contributions (NDCs) under the Paris Agreement and will support the external dimension of the EU Green Deal.

- **Regional** – In order to meet the scale of investment required and help public authorities whether central government or local authorities, to raise the necessary capital from both national and international private investors, the EU will explore ways to deploy **innovative financing instruments, including Green Bonds**, in line with the EU taxonomy, and where appropriate. The EU could support the regulatory framework at country level and support capital market development to create conducive conditions for green bond issuances.

FLAGSHIP 10 – Energy transition and energy security

The transition from fossil fuels towards clean energy and enhanced energy security will be key for the region to meet its commitments under the Paris Agreement.

- **Egypt** – The EU will support Egypt’s transition to a **green economy**. This includes support to universal access to affordable, reliable, and modern energy services, increasing substantially the share of renewable energy in the global energy mix, radical improvements in energy efficiency, enhancing international cooperation to facilitate access to clean energy research and technologies, including renewable energy and energy efficiency, and promote investment in the sector.
- **Morocco** – The EU will expand its support to Morocco’s effort to meet its ambitious **renewable energy and energy efficiency** targets, while also considering water use and resource efficiency. The EU will continue to support renewable energy infrastructure – notably through the EFSD+, and to strengthen its technical and financial cooperation with a view to accelerate the production of green hydrogen.
- **Jordan** – The EU will support the implementation of the 2020-2030 energy sector strategy, which has a focus on maximising local sources and enhancing further use of natural gas and renewable energy sources. The energy sector main priorities lie within the **energy-water-food nexus**, such as pumped storage projects, maximisation of the use of green energy and energy efficiency for water pumping and wastewater treatment as well as desalination (i.e. via the National Conveyor project), and further use of renewable energy within the agriculture sector.
- **Algeria** – The hydrocarbon sector is the backbone of the Algerian economy and the main contributor to GDP and the state budget with **energy transition** as a key priority. The EU will support Algeria’s efforts to exploit its considerable but largely untapped potential of renewable energy (solar and wind) and to optimize energy efficiency. The diversification of the energy mix will allow Algeria to strengthen its position in evolving international energy markets, with demand shifting from fossil to green energy, while enabling the country to manage its domestic energy consumption in a sustainable manner.

FLAGSHIP 11 – Resource efficiency, including water and waste management, and biodiversity

Support to resource management, in the water sector, is essential for the pursuit of sustainable and inclusive socio-economic development in rural and urban areas, to support local communities to mitigate climate change and address resource scarcity challenges.

- **Lebanon** – the EU will build an ‘EU4Water’ initiative, bringing together support for reliable **water services** in terms of sector reforms, infrastructure, the capacity and accountability to citizens of the regional water establishments, water management and conservation, and metering.
- **Tunisia** - the EU will support the rollout of the *2050 Water Strategy* to secure the availability and access to water resources in a sustainable, inclusive and equitable manner, meeting the requirements of conservation and protection of natural resources, equity between regions, sustainability of development and viability of economic activities.
- **Egypt** – The EU will support the development of the water sector, Egypt’s top priority for the realisation of their Sustainable Development Strategy 2030 and facilitate the provision of high-level policy advice to the reforms in the sector, thus supporting key national public and private investments. Support will focus on the implementation of the **National Water Resources Plan** and in particular, on areas such as improving water efficiency and waste management and treatment including in particular national irrigation modernisation, canal rehabilitation, and improving water management.
- **Jordan** – The EU will roll out a coordinated initiative on **solid waste management** in support of Jordan’s integrated waste management strategies, including investment in infrastructure at Al Ghabawi, Ramtha and Sahel Horan.
- **Israel/Palestine** – The EU will invest funds, in the construction of the **Gas for Gaza pipeline**. It will also coordinate and invest in the **Gaza Central Desalination Plant and Associated Works** programme. Together, these investments can lead to a step change in access to clean and affordable water and electricity, contributing to development, humanitarian needs and stability.

FLAGSHIP 12 – Sustainable food systems, agriculture, and rural development

The transition towards sustainable food systems contribute to rural development, thus, combining increased productivity, better use of resources and protection of the environment would help meet challenges created by demographics, climate change, and resource availability.

- **Morocco** – The EU will contribute to Morocco’s Generation Green initiative, a social and economic policy dedicated to rural areas. It will support efforts to boost the **agricultural sector’s productivity and competitiveness**.
- **Multi-country** – The EU will assist in the **development of sustainable agriculture** and aquaculture that is resilient to climate change, fostering modern management of irrigation water and encouraging the use of renewable energies and soil conservation techniques. As the food safety is a key element of the sustainability of the food

system, stronger collaboration in preventing animal diseases and plant pests is required.